



ARIZONA STATE RETIREMENT SYSTEM

3300 NORTH CENTRAL AVENUE • PO BOX 33910 • PHOENIX, AZ 85067-3910 • PHONE (602) 240-2000
7660 EAST BROADWAY BOULEVARD • SUITE 108 • TUCSON, AZ 85710-3776 • PHONE (520) 239-3100
TOLL FREE OUTSIDE METRO PHOENIX AND TUCSON 1 (800) 621-3778
EMAIL ADDRESS: ASKMAC@AZASRS.GOV • WEB ADDRESS: WWW.AZASRS.GOV

Paul Matson
Director

MINUTES PUBLIC MEETING ARIZONA STATE RETIREMENT SYSTEM BOARD

Friday, October 15, 2010
8:30 A.M., MST

The Arizona State Retirement System (ASRS) Board met in the 10th Floor Board Room, 3300 N. Central Avenue, Phoenix, Arizona. Mr. David Byers, Chair of the ASRS Board, called the meeting to order at 8:32 A.M., MST.

The meeting was teleconferenced to the ASRS office at 7660 E. Broadway, Tucson, Arizona 85710.

1. Call to Order; Roll Call; Opening Remarks

Present: Mr. David Byers, Chair
Mr. Tom Connelly, Vice-chair
Mr. Chris Harris (via telephone)
Professor Dennis Hoffman
Mr. Kevin McCarthy
Mr. Tom Manos
Mr. Michael Townsend
Mr. Larry Trachtenberg (arrived at 8:38 A.M.)
Mr. Steve Zeman

A quorum was present for the purpose of conducting business.

2. Presentation Regarding PRIDE Award for Diversity

Mr. Paul Matson, Director, and Mr. Anthony Guarino, Deputy Director and Chief Operations Officer, recognized the following nominees for the PRIDE Diversity award: John Doran, Sarah Korish, Paul Matson, Gary Rodriguez, Lesli Sorensen, and the Contribution and the Member Adjustments Accounting Team (George Chlupsa, Marcia Kumamoto, Stephanie Nguyen, Robert Peterson, Autumn Richey, and Jeannie Willetto).

The nominees were recognized by their peers as exemplifying the following PRIDE qualities of diversity: *"I treat all people fairly and without judgment. I take the time to listen - and to understand. I respect diversity knowing that our differences enrich us all. I build relationships and recognize the efforts of others."*

Mr. Matson and Mr. Guarino presented the PRIDE Award for Diversity to the award winner, Sarah Korish.

3. Presentation Regarding Government Finance Officers Association (GFOA) Award

Mr. Matson stated that the ASRS received the Government Finance Officers Association (GFOA) Award for excellence in financial reporting for the June 30, 2009, Comprehensive Annual Financial Report (CAFR). Mr. Matson noted that this is the twenty-first year in a row that the ASRS has received the award. A Certificate of Achievement is presented by the GFOA to

those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting. Mr. Matson thanked Ms. Nancy Bennett, Chief Financial Officer, for her efforts in completing the CAFR, as well as the following staff who had a substantial part in the ASRS receiving the award: Lupita Breland, Eric Glass, John Doran, Sylvia Tucker, Rochelle Witharana, John Maczko, Julie Walker, Tonia Nemecek, Lynne Latino, Kristin Berry, Liz Rozzell, Dave King, Lesli Sorensen, Pam Vozza, Alfred Soliman, and Lana Menis.

4. Approval of the Minutes of the September 3, 2010 Public Meetings and Executive Sessions of the ASRS Board

Motion: Mr. Steve Zeman moved to approve the minutes of the September 3, 2010 Public Meetings and Executive Sessions of the ASRS Board. Mr. Kevin McCarthy seconded the motion.

By a vote of 8 in favor, 0 opposed, 0 abstentions, and 1 excused, the motion was approved.

5. Presentation, Discussion and Appropriate Action Regarding the 2011 Legislative Session

Mr. Pat Klein, Assistant Director, External Affairs, addressed the Board regarding the 2010 Legislative Session. During the summer, the External Affairs Division (EAD) received legislative suggestions from ASRS staff and Trustees concerning plan design issues; plan inefficiencies, inconsistencies, and inequities; administrative concerns; and others. The EAD researched and discussed each suggestion in conjunction with Trustees, Executive Management, and other internal staff.

Mr. Larry Trachtenberg arrived at 8:38 A.M.

Ms. Lesli Sorensen, Government Relations Officer, provided an overview of the following 2011 legislative initiatives the External Affairs Committee decided to move forward:

ADMINISTRATION

Appropriations

Issue/Suggestion: Exempt the ASRS from the legislative appropriations process and instead require Board approval of annual budgets.

Recommendation: Do Not Propose as an ASRS Initiative, but Support if Proposed by Others

Federal Conforming Changes

Issue/Suggestion: Conform statutes to Federal requirements. Specifics To Be Determined.

Recommendation: Move Forward

Member Outreach

Issue/Suggestion: Clarify statutory requirement that ASRS be present in each county at least once per year for member outreach to include electronic methods of presentation..

Recommendation: Move Forward, if practicable

Exempt ASRS from Administrative Procedures Act (Rulemaking)

Issue/Suggestion: Exempt the ASRS from the requirements in the Administrative Procedures Act and, instead, institute a Board process for Rulemaking.

Recommendation: Move Forward if practicable

DISTRIBUTIONS

Survivor Benefits

Issue/Suggestion: Clarify that a natural or adopted child of any age who is disabled qualifies under the statute. Define “disabled” as being “incapable of self-sustaining employment by reason of mental or physical handicap and [being] chiefly dependent on the member for support.” Further, statute refers to “stepchild,” which is also an undefined term. It appears prudent to remove references to stepchildren and instead use the term “adopted.”

Recommendation: Move Forward

Lump Sum Retirement Threshold

Issue/Suggestion: Increase the Lump Sum retirement threshold from \$20 to an “amount determined by the Board.”

Recommendation: Move Forward

Spousal Consent

Issue/Suggestion: A recent non-member appeal asserted a community property right in a deceased member’s account, stating that the spouse never received notification that the member was naming a non-spouse beneficiary (as required under current statute). An Administrative Law Judge (ALJ) concluded that the member’s spouse did have a community property right and split the member’s account accordingly. The ASRS Board accepted the ALJ’s decision. However it was clear during the discussion that adjustments were needed to the statutes to clarify the rights of members and spouses. ASRS Legal has counseled that given the current language of the statutes, the spousal notification requirement does not remove a spouse’s community property rights.

Two contrasting statutory options were presented to the EAC for consideration:

1. Statute could be clarified to state that the member’s contributions and resulting benefits **are not** community property. In this case the account is considered “separate property” and the member is able to name a beneficiary of choice, regardless of the member’s marital status.
2. Statute could be clarified to state that the member’s contributions and resulting benefits **are** community property. Further, statute would require that a member secure their spouse’s consent when the member names a non-spouse beneficiary or names a non-spouse contingent annuitant.

The Legislature has been hesitant in the past to require spousal consent with respect to ASRS decisions. In addition, requiring such consent will have an impact on ASRS membership by slowing down processing and turnaround times.

1. Option 1: Contributions and Benefits are Separate Property
2. Option 2: Contributions and Benefits are Community Property and Spousal Consent is Required

Recommendation of the EAC

Rather than either of the two options, the EAC recommended the development of a third alternative that retains the status quo with some enhancements (non-statutory):

1. The ASRS will require a separate form to be signed by the member with a statement that the member notified the spouse of a beneficiary designation other than the current spouse or a change to a joint and survivor option, as appropriate. The form should also indicate that the notification to the spouse may not remove the spouse’s community property rights and the member should consult an attorney if necessary. The spouse is not required to sign this form, but there will be a line for a spouse’s signature.

Overall, the EAC accepted legal guidance that the property appears to remain community property, but they want the right to name a beneficiary to be retained by the member. Otherwise, if a spouse disagrees with the member's desire to make a change, the spouse could refuse to sign a consent form, essentially transferring the right to name the beneficiary to the spouse.

Management Recommendation

1. In general, Management agrees with the concepts discussed by the EAC, but rather than requiring a separate form, Management proposes adding a segregated certification statement immediately prior to the member's signature that includes the EAC recommended language. A sample is provided with these materials.
2. It appears that contact of the member's spouse by the ASRS may not be prudent due to concerns with sending a letter to former beneficiaries for the following reasons:
 - a. The ASRS has limited marital status data on file for members.
 - b. The ASRS has very limited contact information for non-member spouses.
 - c. The ASRS may be placed in a difficult situation if the ASRS sends such a letter but refuses to provide other private information (such as the identity of the new named beneficiary).

Mr. Dave Byers, Chair, asked if statute or community property law overrides. Ms. Jothi Beljan, Assistant Attorney General, said it is not clear which overrides which. Board members said it is not appropriate for the Board to decide. Mr. Byers directed staff to do more research. He requested this as a future agenda item and he said it may require Legislative clarification. Mr. McCarthy requested staff further research whether the ASRS should send a letter to beneficiaries whose designations have been revoked.

Recommendation: Further Research

EMPLOYERS

Employer Collections

Issue/Suggestion: Allow the ASRS to intercept monies due to an Employer from any department or agency of this state for any amounts due to the ASRS. Current statute permits the ASRS to receive these monies for contributions only.

Recommendation: Move Forward

LONG TERM DISABILITY

24 Month Claim Deadline

Issue/Suggestion: Require claims to be submitted within 24 months of the date of disability.

Recommendation: Move Forward

Penalties for Refusing to Provide Information to ASRS

Issue/Suggestion: Permit the ASRS to suspend benefits or terminate claims when a member refuses to provide requested information (social security, wages, medical, etc.).

Recommendation: Move Forward

QUALIFIED DOMESTIC RELATIONS ORDERS

Terminating Alternate Payee Splits

Issue/Suggestion: Terminate an alternate payee's benefit under a Qualified Domestic Relations Order (QDRO) if the alternate payee predeceases the member. Apply to new or amended QDROs filed with the ASRS on or after January 1, 2012.

Recommendation: Move Forward

RETURN TO WORK

Alternate Contribution Rate

Issue/Suggestion: Beginning **July 1, 20XX**, Employers shall pay an Alternate Contribution Rate (ACR) for retired members who perform services that would otherwise be performed by an employee of the Employer. The ACR is charged starting the 366th day after retirement for a member who reached normal retirement and for a member who is an early retiree working less than 20/20. In addition, the retired member does not accrue credited service, member service (for UORP), account balances, retirement benefits or Long Term Disability (LTD) Program benefits, and the time is not later eligible for service purchase. Employers must pay the ACR on behalf of any retiree that it employs regardless of 20/20 status, direct/leasing/contracting arrangement, or whether the retiree satisfied the 12-month break in service without working in a leased or contract arrangement.

The ACR is calculated as the greater of 2% or two times the “deficit” payment, which is presented below:

$$2 \times \left(\begin{array}{c} \text{the Employer ASRS Contribution Rate} \\ + \text{ (plus)} \\ \text{the Employer LTD Contribution Rate} \\ - \text{ (minus)} \\ \text{the Normal Cost} \end{array} \right) = \text{ACR}$$

“deficit payment”

The ACR cannot be higher than the Employer’s portion of the Total ASRS Contribution Rate (DB + LTD).

The ACR will be calculated annually by the ASRS actuary, and shall be payable on the compensation (for direct hire), gross salary (for leased employee), or contract fee (for independent contractor).

The ASRS will determine how frequently the ACR is paid and how the monies are submitted to the ASRS. Late contributions will be subject to interest (8%) and may be recovered in court or by state revenue offsets.

Employers are required to submit any reports, data, paperwork or materials required by the ASRS to determine the function, utilization, efficacy or operation of the return to work program.

The suggestion includes a Legislative Intent clause that states the purpose of the legislation is to mitigate the potential actuarial impact that retired members who return to work might have on the Trust Fund.

The suggestion also specifically authorizes rulemaking, makes a \$150,000 appropriation to the ASRS, and specifies that no State General Fund monies shall be used to implement the legislation.

Recommendation: Move Forward

Mr. Steve Ramos, Arizona Education Association - Retired, addressed the Board regarding Return to Work and ACR.

Mr. Kevin DeMenna, council for Smart Schools, complimented staff and the Board for being willing to listen to Smart Schools. Mr. DeMenna said a delayed effective date 48 months out is based on Legislative adjournment and would allow Smart Schools to get through the worst of the economic

downturn. He pledged to work jointly with the ASRS and committed not to make any changes in the future without ASRS consensus.

Discussion ensued regarding what effective date would be appropriate.

Return to Work Violations

Issue/Suggestion: The Return to Work (RTW) statute that addresses the suspension of a member's benefit if the member returns to work before meeting the statutory exclusion period is unclear. The suggestion is to clarify that the ASRS has some flexibility to determine the period during which a member's pension is suspended, specifically authorize the ASRS to collect pension overpayments, and to provide a charge to Employers for a member's violation (currently the ASRS charges under the Contributions Not Withheld (CNW) statute, but the suggestion would charge the new Alternate Contribution Rate back to the date the member began working after retirement and/or the CNW amount as applicable).

Recommendation: Move Forward

SERVICE PURCHASE

Military Call-Up

Issue/Suggestion: Revise military call-up statutes to conform to USERRA.

Recommendation: Move Forward

Leave of Absence

Issue/Suggestion: In rare cases, a member can take a leave of absence (LOA) with an ASRS Employer to take a position covered by another State retirement system then return to ASRS employment and purchase the LOA time while also having earned credit in the other retirement system. There is language in the ASRS's other service purchase statutes that prevents a member from purchasing time with the ASRS for which they will receive a benefit in another retirement system. This language would be placed into the LOA purchase statute as well.

Recommendation: Move Forward, if practicable

Service Purchase Compensation Calculation

Issue/Suggestion: In rare cases, a member could transfer from another retirement system and initiate a service purchase without having at least five pay periods on record with the ASRS. Under the current statute, the ASRS would not have a valid methodology for calculating the member's salary in order to determine the cost of the service purchase. The suggestion would clarify statutes to address this scenario.

Recommendation: Move Forward, if practicable

SUPPLEMENTAL RETIREMENT SAVINGS PLAN

Federal Conforming Changes

Issue/Suggestion: Conform statutes to Federal requirements. Specifics To Be Determined.

Recommendation: Move Forward

TRANSFERS

City of Phoenix and City of Tucson Transfers

Issue/Suggestion: Conform City of Phoenix and City of Tucson transfers to § 38-922 transfer methodology (i.e., same as PSRPS and CORP transfers).

Recommendation: Move Forward

Motion: Mr. Michael Townsend moved to approve the 2011 legislative initiatives presented by staff and support all initiatives with the exclusion of Return to Work and permit staff to make all language changes and negotiate as necessary to obtain the most effective and efficient legislative provisions within the construct of today's discussion. Mr. Kevin McCarthy seconded the motion.

By a vote of 9 in favor, 0 opposed, 0 abstentions, and 0 excused, the motion was approved.

Mr. Zeman asked if it was possible to request a stay from the Legislature or the Attorney General regarding public records requests relating to member records, while waiting for proposed legislation to pass. Discussion ensued.

Motion: Mr. Zeman moved to consider legislation to postpone public records information for one year until we have exact information as to what member information should not be released. Mr. Tom Connelly seconded the motion.

Discussion ensued. Ms. Sorensen noted staff has considered this issue, but it will take time to research. One concern is when does a public employee become a private citizen? Mr. Zeman and Mr. Connelly retracted their motion. Mr. Zeman requested a future discussion regarding public records.

Motion: Mr. Michael Townsend moved to approve Return to Work as presented by staff including the earliest possible date, July 1, 2013, permitting staff to make language changes to enable the bill to pass. Mr. Tom Connelly seconded the motion.

By a vote of 9 in favor, 0 opposed, 0 abstentions, and 0 excused, the motion was approved.

Ms. Sorensen summarized other proposed legislative initiatives that may impact the ASRS.

CORP Waiver

Issue/Suggestion: Work with the Arizona Department of Corrections (ADC) and the Corrections Officer Retirement Plan (CORP) to convert temporary waiver language to permanent law.

Arizona Cotton Council

Issue/Suggestion: Arizona Cotton Council statutes contain language that allows an employee to *elect* to participate in the ASRS. This violates ASRS statutes and should be corrected to reflect the mandatory nature of ASRS participation.

Motion: Mr. Michael Townsend moved to support converting the temporary CORP Waiver language into permanent law. Mr. Tom Manos seconded the motion.

By a vote of 9 in favor, 0 opposed, 0 abstentions, and 0 excused, the motion was approved.

Motion: Mr. Michael Townsend moved to support modifying an Arizona Cotton Council employee's election to participate in the ASRS to reflect the mandatory nature of the Plan. Mr. Tom Manos seconded the motion.

By a vote of 9 in favor, 0 opposed, 0 abstentions, and 0 excused, the motion was approved.

6. Presentation, Discussion and Appropriate Action Regarding the ASRS Strategic Plan Performance Report for Fiscal Year 2010

Mr. Matson introduced the topic noting the vision of the ASRS is to be a leading state benefit plan administrator in the areas of Core Member Services, Funded Status, Investment Performance, Operational Effectiveness. ASRS' organizational culture will be based upon the following values

professionalism, results, improvement, diversity, and excellence. He said the ASRS uses the services of CEM to compare the ASRS with peers. CEM benchmarks the performance and costs of over 50 U.S. and international pension plans.

Mr. Guarino, Deputy Director and Chief Operations Officer, addressed the Board regarding the ASRS Strategic Plan Performance Report for Fiscal Year 2010. Mr. Guarino said the Strategic Plan helps the ASRS to effectively serve members and it contains 14 goals and over 200 specific business objectives. He noted the Strategic Plan highlights the following priorities:

1. Be adaptable to changing circumstances and initiate measures necessary to ensure the overall health and long-term viability of the benefit programs managed by the ASRS.
2. Make strategic and tactical investments that permit the agency to take advantage of opportunities to achieve returns equal to or in excess of investment objectives.
3. Continue to provide timely, accessible, and reliable service by expanding service, self-service options and member satisfaction.
4. Maintain an effective operating cost structure and budget.
5. Maintain and enhance risk management programs.
6. Retain a staff and staffing structure that reflects ASRS' values and an ethos of consistent high performance.
7. Assure member and stakeholder trust and confidence in the ASRS brand of public administration and benefit plan designs.

Ms. Sara Orozco, Strategic Planning Manager, presented some of the conclusions of the Strategic Plan Performance Report. She noted:

- The ASRS has scheduled a number of initiatives during the three-year period that it believes will fulfill one or more of the following: mitigate increases in transaction volume, increase productivity, increase cost efficiency, and improve service.
- The agency implemented a web application that will, over time, convert the enrollment process from a manual, paper-based process, to an automated web application where members enroll themselves. A webinar was also implemented to reach out to new members. Online enrollment has been introduced for employers. Online forms will soon be available for the refund process. There are now over 80,000 registered users.
- CEM rated the ASRS in the 75th percentile for service and at median for cost.
- A two-year risk assessment was presented to the Operations Committee.
- Physical security badges have been implemented to allow access only as needed.
- A staffing level of 90% is desired. That goal has not been met but most of the objectives have still been met.

Ms. Orozco explained, in February 2010, Arizona received national recognition for its efforts when the Pew Center on the States recognized Arizona as a "national leader in managing its long term liabilities for both pensions and retiree health care and other benefits." The report also noted that "Arizona leads the nation in funding its retiree health care and non-pension benefits."

7. Presentation, Discussion and Appropriate Action Regarding the ASRS Total Fund Performance Review for the Period Ending June 30, 2010

Mr. Gary Dokes, Chief Investment Officer; Mr. David Underwood, Equity Portfolio Manager; and Mr. Don C. Stracke, CFA, Senior Consultant, NEPC, addressed the Board regarding the Total Fund Performance Overview for the period ending June 30, 2010, highlighting specific areas of interest and concern.

The Total Fund Performance for the period ending June 30, 2010 is:

	Quarter	9 months	1 Year	3 Years	5 Years	10 Years	Since Inception (6/30/75)
Total Fund	-6.4%	-2.5%	14.9%	-4.7%	2.3%	2.3%	9.6%
SAA Benchmark	-6.8%	-3.1%	13.2%	-4.5%	2.4%	1.8%	9.4%
Excess Return	0.4%	0.6%	1.7%	-0.2%	-0.1%	0.5%	0.2%

Note:

1. Strategic Asset Allocation Policy Benchmark: 28% S&P 500/6% S&P 400/6% S&P 600/24% Barclays Capital Aggregate/2% Barclays Capital High Yield/13% MSCI EAFE/2% MSCI EAFE Small Cap/3% MSCI Emerging Markets/6% NCREIF Property Index + 100 bps (lagged one quarter)/7% Russell 3000 + 300 bps/3% Commodities

2. Interim Benchmark*: 35% S&P 500, 7% S&P 400, 7% S&P 600, 19% MSCI ACWI ex-U.S., 27% Barclays Capital Aggregate, 4% NCREIF Property Index + 100 bps (lagged one quarter), and 1% Russell 3000 + 300 bps

* Interim Benchmark prorates unfunded policy portion of Real Estate to other policy asset classes; prorates Private Equity, and Inflation-Linked to U.S. equities.

8. Presentation, Discussion and Appropriate Action Regarding the Fixed Income Program Review

Mr. Stracke, Mr. Dokes, and Mr. Al Alaimo, Fixed Income Portfolio Manager, addressed the Board regarding the fixed income asset class. As of June 30, 2010, the market value of the ASRS fixed income manager(s) assets was \$4.5 billion. Fixed income assets are currently managed in seven portfolios: four core strategies, two high yield bond strategies and one intermediate government/credit strategy. Approximately 74% of fixed income assets are managed passively (ex. internally managed F2 portfolio).

9. Presentation, Discussion and Appropriate Action Regarding Future Contribution Rate Sensitivity

Mr. Matson addressed the Board regarding future contribution rate sensitivity. He noted a sensitivity analysis was conducted (based on 2009 actuarial valuation data) to analyze the long-term sensitivity of contribution rates and funding status of the 401(a) and 401(h) plans to changes in membership growth, investment rates-of-return, and salary inflation. The analysis included projected July 1, 2010 valuation results utilizing the current 8 percent investment return rate assumption and salary scale assumptions as a baseline, and incorporating reductions, in 0.25 percent increments, to the assumed investment rate of return and salary scale independently as well as reductions to both. Mr. Matson and Mr. Charlie Chittenden, Actuary, Buck Consultants, presented attachments showing the resulting impact on the contribution rates and funded status of the 401(a) and 401(h) plans.

10. Presentation, Discussion and Appropriate Action Regarding the Preliminary Review of the Governmental Accounting Standards Board (GASB) Ruling Regarding Pension Accounting and Financial Reporting

Mr. Chittenden addressed the Board regarding the preliminary review of the Governmental Accounting Standards Board (GASB) ruling regarding pension accounting and financial reporting. He noted the GASB has released a preliminary view statement regarding proposed changes to the way government entities account for pension expense. These changes, if enacted, will have an impact on how the ASRS calculates the net pension obligation for financial reporting purposes. The proposal would also require employers to disclose their portion of the net pension obligation on their financial statements. Mr. Chittenden explained this proposed change would have a substantial impact on the financial statements for all ASRS employers. Mr. Chittenden discussed what is

contained in the preliminary view, as well as what the impact to the ASRS would be if the preliminary view were implemented as currently written. Discussion ensued.

Mr. Matson noted that actual contribution cash flows need not change unless the funding method was also changed to Early Age Normal (EAN). He said NASRA is a good resource on this topic.

Mr. Tom Manos departed the meeting at 12:30 P.M.

11. Director's Report

Mr. Matson presented the Director's Report. He noted the Health Insurance Open Enrollment period for the ASRS is October 25 – November 19, and is November 1 – 19 for the Arizona Department of Administration.

Mr. Matson said Mr. Klein has been appointed by the City of Phoenix Manager to sit on their Health Board for three years.

Mr. Matson noted the Supplemental Salary Deferral Plan (SSDP) has held two webinars, has 12 employers signed up to date, and has 140 participants.

Mr. Matson explained the Texas Retirement System visited the ASRS to look at our Technology Services Division (TSD) department. He complimented Mr. Kent Smith, Assistant Director TSD, and Ms. Sara Orozco for their support of the visit. Mr. Dave Byers, Chair, mentioned another state charges a fee for providing others their technology and asked staff to look into whether the ASRS could do so.

Mr. Matson recognized the service of Mr. Ray Thomas, upon his retirement. Mr. Matson said one of the first executive team members brought on when he became Director was Mr. Thomas, who was brought on board to lead the Member Services Division. Mr. Matson noted Mr. Thomas has been an outstanding member of the ASRS team. He is highly professional, highly team-oriented and supportive, and has successfully mentored staff. He brought calm, planning, and strategic thinking to the division. The ASRS now has an outstanding management team in Member Services and the results that Mr. Thomas has achieved have been impressive. Mr. Matson said he was extremely pleased with the tremendous job Mr. Thomas has done, noting he has been an outstanding Assistant Director.

12. Presentation and Discussion with Respect to Informational Updates from the Operations Committee, Investment Committee, and External Affairs Committee

Mr. Michael Townsend, Chair, External Affairs Committee, said the next External Affairs Committee meeting will take place November 5, 2010.

Mr. Tom Connelly, Chair, Investment Committee (IC), said the next IC meeting will take place November 3, 2010.

Mr. Steve Zeman, Chair, Operations Committee (OC), said the next OC meeting will take place October 28, 2010.

13. New Agenda Items

Requests were made earlier in the meeting to discuss public records and community property.

14. Call to the Public

No additional members of the public requested to speak.

15. The next ASRS Board meeting is scheduled for Friday, November 19, 2010, at 8:30 A.M., at 3300 N. Central Avenue, 10th Floor Board room, Phoenix, Arizona.

16. Adjournment of the ASRS Board

Mr. Byers adjourned the Board meeting at 12:35 P.M.

ARIZONA STATE RETIREMENT SYSTEM

Lisa Hanneman
Board Secretary

Date

Paul Matson
Director

Date